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Town of Ethel  
Financial Statements  
Year Ended September 30, 2004

*Dungan CPA Company  
120 South Natchez Street  
Kosciusko, Mississippi 39090*

**Town of Ethel**  
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**Town of Ethel**  
**Financial Section**  
**September 30, 2004**

# Dungan CPA Co.

Kenny Dungan, CPA  
120 S Natchez Street  
Kosciusko, MS 39090

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## SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL TOWNS

October 21, 2004

Honorable Mayor and Board of Aldermen  
Ethel, Mississippi

I have applied certain agreed-upon procedures, as discussed below, to the accounting records of Ethel, Mississippi, as of September 30, 2004, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of Ethel, Mississippi and the Office of the State Auditor and should not be used for any other purposes. My procedures and findings are as follows:

1. I reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

Bank	Fund	Balance Per General Ledger
Merchants & Farmers	General	\$48,492
Merchants & Farmers	General	1,351
Merchants & Farmers	General	7,513
Merchants & Farmers	Utility	38314
Merchants & Farmers	Utility	10,063
Merchants & Farmers	Utility	8,833
Merchants & Farmers	Special Revenue	19595

2. I performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
  - A. Verify use of certified county assessment rolls and trace levies to governing body minutes;
  - B. Examined uncollected taxes for proper handling, including tax sales;
  - C. Traced distribution of taxes collected to proper funds; and
  - D. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

and The distribution of taxes to funds was found to be in accordance with prescribed tax levies, uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Coed Ann. ( 1972 ).

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann, ( 1972 ).

3. I obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

Payment Purpose	Receiving Fund	General Ledger Amount
Fire Protection Allocation	General Fund	\$1,931
General Municipal Aid	General Fund	236
Gasoline Tax	General Fund	1,243
Homestead Exemption	General Fund	3,846
Payments Nuclear Plant	General Fund	2,742
Sales Tax Allocation	General Fund	6,769
Other Aid to Municipalities	General Fund	30,104

4. I selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. ( 1972 ), as applicable.

The sample consisted of the following:

Number of Sample Items	38
Total Dollar Value of Sample	\$4,979

I found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

5. I have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, I do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to my attention that caused me to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had I performed additional procedures or had I conducted an audit of the financial statement in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Ethel, Mississippi, for the year ended September 30, 2004.

Dungan CPA Company  
October 21, 2004

## Dungan CPA Co.

Kenny Dungan, CPA  
120 S Natchez Street  
Kosciusko, MS 39090

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Telephone 662-289-9007  
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Honorable Mayor and Board of Alderman  
Town of Ethel, Mississippi

I have compiled the accompanying statement of cash receipts and disbursements - all fund types as of September 30, 2004, and for the year then ended, in accordance with *Statements on Standards for Accounting and Review Services* established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Dungan CPA Co  
October 21, 2004



Town of Ethel, Mississippi  
**COMBINED STM OF CASH RECEIPTS AND DISBURSEMENTS**  
For the Fiscal Year Ended September 30, 2004

	<u>Governmental Funds</u>					Totals (Memorandum Only) 2004	Totals (Memorandum Only) 2003
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>		
<b>Revenue Receipts:</b>							
General Property Taxes	\$ 20,541					20,541	\$ 18,206
<b>Intergovernmental Revenues:</b>							
Fire Protection Grant	11,155	23,816				34,971	29,920
County Fire Protection	3,449					3,449	543
County Roads	5,706					5,706	3,909
<b>State Shared Revenue:</b>							
Sales Tax	6,769					6,769	6,451
Gasoline Tax	1,243					1,243	1,255
Franchise	6,928					6,928	5,138
Nuclear Plant Income	2,742					2,742	2,706
Fire Protection Allocation	0					0	2,043
Homestead Exemption	3,846					3,846	3,581
General Aid to Municipalities	236					236	236
Other	0					0	2,500
<b>Charges for Services:</b>							
Water & Sewer Utility				73,813		73,813	61,560
<b>Other Receipts:</b>							
Fines & Forfeits	994					994	680
Loan Proceeds	0					0	20,000
Other General Fund Revenue	608				3,494	4,102	18,489
Permits	85					85	0
Interest	76					76	750
Transfers	(2,475)					(2,475)	0
<b>Total Receipts</b>	<u>61,903</u>	<u>23,816</u>	<u>0</u>	<u>73,813</u>	<u>3,494</u>	<u>163,026</u>	<u>177,967</u>
<b>Cash Balance-Beginning of Year</b>	<u>55,429</u>			<u>72,236</u>	<u>16,261</u>	<u>143,925</u>	<u>129,855</u>
<b>Total Amount to Account For</b>	<u>\$ 117,332</u>	<u>\$ 23,816</u>	<u>\$ 0</u>	<u>\$ 146,049</u>	<u>\$ 19,755</u>	<u>\$ 306,952</u>	<u>\$ 307,822</u>

**Town of Ethel, Mississippi**  
**COMBINED STM OF CASH RECEIPTS AND DISBURSEMENTS**  
**For the Fiscal Year Ended September 30, 2004**

	<u>Governmental Funds</u>					<b>Totals</b>	<b>Totals</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>(Memorandum Only) 2004</u>	<u>(Memorandum Only) 2003</u>
<b>Operating Disbursements</b>							
General Government ( Exec and Financial)	\$ 28,274					28,274	\$ 57,260
Public Safety							
Police	4,291					4,291	4,578
Fire	607				0	607	4,327
Enterprises							
Water & Sewer Utility				64,108		64,108	50,186
Loan Repayments	4,482			27,366		31,848	0
Transfer to Other Funds	0			(2,635)	160	(2,475)	0
Capitalization	22,322	23,816		0		46,139	47,542
<b>Total Disbursements</b>	<u>59,976</u>	<u>23,816</u>	<u>0</u>	<u>88,839</u>	<u>160</u>	<u>172,791</u>	<u>163,894</u>
Cash Balance-End of Year	57,355			57,210	19,595	134,160	143,925
<b>Total Amount Account For</b>	<u>\$ 117,332</u>	<u>\$ 23,816</u>	<u>\$ 0</u>	<u>\$ 146,049</u>	<u>\$ 19,755</u>	<u>\$ 306,952</u>	<u>\$ 307,820</u>

**TOWN OF ETHEL**  
Notes to Financial Statements  
September 30, 2004

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**Note 1 - Summary of significant accounting policies**

The town operates under the mayor/board of alderman form of government and provides services as authorized by law.

*Reporting Entity:*

The financial statement for the town consists of all the funds of the town.

*Fund Accounting:*

The accounts of the town are organized on the basis of funds, each of which is considered a separate accounting entity.

*Basis of Accounting*

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

**Note 2 – Report Classifications**

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

**Town of Ethel**

**Supplemental Section  
September 30, 2004**

**Town of Ethel, Mississippi**  
**Schedule of Investments-All Funds**  
**For the Fiscal Year ended September 30, 2004**

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Value</u>
None						

**Town of Ethel, Mississippi**  
**Schedule of Long-Term Debt**  
**For the Fiscal Year ended September 30, 2004**

<u><i>Definition &amp; Purpose</i></u>	<u><i>Balance Outstanding October 1, 2003</i></u>	<u><i>Issued</i></u>	<u><i>Redeemed</i></u>	<u><i>Balance Outstanding September 30, 2004</i></u>
GMAC	177,167		9,058	168,129
M & F Bank	13,570		6,619	6,951
M & F Bank	17,378		3,807	13,571

**Town of Ethel, Mississippi**  
**Schedule of Surety Bonds for Town Officials**  
**September 30, 2004**

<u><i>Name</i></u>	<u><i>Position</i></u>	<u><i>Surety</i></u>	<u><i>Bond Amount</i></u>
Ophelia Mitchell	Mayor	MS Municipal	\$25,000
Annette Sanders	City Clerk	Farm Bureau	65,000
Annette McDaniel	Alderman	MS Municipal	5,000
Larry Morgan	Alderman	MS Municipal	5,000
Anthony Barksdale	Alderman	MS Municipal	5,000
Lydia Fair	Alderman	MS Municipal	5,000
Larry Ray	Alderman	MS Municipal	5,000

**Town of Ethel  
P O Box 35  
Ethel, Mississippi 39192**

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Office of the State Auditor  
P O Box 956  
Jackson, MS 39205

Re: Annual Municipal Compilation

Accompanying this letter are two copies of the annual compilation of the Town of Ethel, Mississippi, for the fiscal year ended September 30, 2004. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Ophelia Mitchell